

The Bellagio Initiative

The Future of Philanthropy and Development in
the Pursuit of Human Wellbeing

Global Dialogue Report

New Emerging Markets: Accra

The Resource Alliance

November 2011

Draft

Copyright is jointly held by the three Bellagio Initiative partners: Institute of Development Studies (IDS), the Resource Alliance and the Rockefeller Foundation.

IDS is a leading global charity for research, teaching and information on international development. Its vision is a world in which poverty does not exist, social justice prevails and economic growth is focused on improving human wellbeing. IDS believes that research knowledge can drive the change that must happen in order for this vision to be realised.

The Resource Alliance has a vision of a strong and sustainable civil society. It aims to achieve this through building skills and knowledge, and promoting excellence. To help organisations increase their fundraising capabilities, the Resource Alliance provides a range of services and resources, including conferences, international and regional workshops, accredited in-depth courses in fundraising and communications, tailor-made training and mentoring, research, publications, newsletters and award programmes.

The Rockefeller Foundation has a mission to promote the wellbeing of people throughout the world. It has remained unchanged since its founding in 1913. Its vision is that this century will be one in which globalisation's benefits are more widely shared and its challenges are more easily weathered. To realise this vision, the Foundation seeks to achieve two fundamental goals in its work:

1. It seeks to build resilience that enhances individual, community and institutional capacity to survive, adapt, and grow in the face of acute crises and chronic stresses.
2. It seeks to promote growth with equity so that poor and vulnerable people have more access to opportunities that improve their lives.

In order to achieve these goals, the Foundation provides much of its support through time-bound initiatives that have defined objectives and strategies for impact.



For further information on the Bellagio Initiative:
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New emerging markets: Accra

Date: 26–27 September 2011

Expectations;

The group raised the following expectations for the meeting;

- Peer learning
- Ensure that the group has clear messages to send to the Bellagio Summit in November
- Have our voices heard on where we should take philanthropy
- Create linkages and networks between community philanthropy and corporate foundations
- Seek out opportunities to promote the need for policies to support resource mobilisation in Africa
- Understand the motivations of donors, and how to grow fundraising
- Learning ways of translating discussion into practical goals
- Showcase key emerging innovative interventions and expertise in African philanthropic institutions
- Learn from each other; get to know the emerging international players
- Learn about the innovations
- Understand how to contribute to the Bellagio Initiative and learn what others are doing
- Learn about growing philanthropy on the continent
- Understand the current trends in supporting community development

Following discussions around the aims of the meeting, three important concerns were raised;

- That this group was not representative of the whole continent; it was agreed that participants would contribute their own experiences; the write up would reflect this and not assume any similarities or knowledge of the whole continent or other new emerging economies based on these contributions.
- That these discussions would not result in 'answers' to the session questions; it was agreed that the discussions would act as a start point for on-going discussion, and contributions, questions and challenges would be encouraged from across the world.
- It was further agreed that outputs from these discussions would not be boxed into existing (northern) understanding and discussion around philanthropy

When the meeting was opened, the question 'what is meant by philanthropy?' was raised

What is philanthropy?

- Everyone is a philanthropist and a recipient
- It's about mutuality; a communal, collective responsibility
- Philanthropy as the process of giving (time, resources, support and so on)

In questioning what philanthropy is, what it isn't or might not be was also covered

- For example can official aid be philanthropic if giving is to emergency relief
- Is receiving tax breaks for your donations philanthropy?
- Don't we all want something back when we give – even if it's not financial?
- CSR was widely discussed; overall by its nature CSR is not philanthropy as it is ultimately about profit, but what about corporate foundations?

- When is government just doing its job or contributing to wellbeing?
- Do different agendas have different degrees of philanthropy, even if each of the donations / support goes to wellbeing?
- Can you have carry out a philanthropic act without being philanthropic?
- Principles that run through African philanthropy

A definition will depend on the context of this discussion;
When we talk about philanthropy what are we trying to get out of the discussion?

This discussion served to underline the complexity of the issues being addressed.

What are the current trends, future opportunities and potential challenges to growing philanthropy?

Current trends

Corporate support

It was suggested that corporate support is particularly important to the development of African philanthropy. Although proportionally small, this funding provides an opportunity for the non-profit sector

CSR programmes are professionalising their teams; those in charge of awarding grants are now likely to be previously experienced practitioners. Comic Relief works with a panel of experts to look at applications

More corporates are creating more foundations, which in itself should provide opportunities to civil society organisations, however challenges have also emerged.

As with foundations, the trend in CSR / Corporate foundations is to support one big project with a large grant. Barclays prefer to work with INGOs as they work in 20 or so countries, therefore the bank only has to work with one partner in order to achieve this reach

The landscape of corporate investment is clearly changing. From working directly with beneficiaries, on in-house projects, corporates now work in private and public partnerships with government bodies and non-profit organisations. Corporate support to well-being is growing, moving away from pure charity towards social investment.

Foundations

Gates, Buffet and similar foundations are changing the field, by investing large sums of money in single projects. Although there are emerging questions around the impact of these projects, the way money flows is starting to change. The previous trend of small donations for small projects is dying out, big funders are looking for partners that can take the £1million donation and meet the donor expectations for bigger projects, with wider impact.

There is a related trend that big donors are funding big (I)NGO projects with large grants and smaller donors are providing small grants to more locally based organisations

However there is a possibility that larger non-profit organisations will absorb all the money, and smaller organisations will provide service delivery

Individuals

There is money in Africa (companies and individuals) and philanthropy is ingrained in all Africans, but the challenge is getting them to give strategically. A need to educate the donor

was raised. A further challenge lies in the systems and structures in place to facilitate to this philanthropy.

Africa is largely a cash economy. What is needed is an enabling environment for organised individual philanthropy, including supporting financial systems for regular giving. Can the banking sector facilitate this? (E.g. reduce / remove charges, set up appropriate systems).

Institutional funding

Most donations come from international institutional donors – therefore there is a danger that the development agenda is driven by northern donors rather than southern stakeholders. There is a need in Africa to increase local funding sources for both grant making and core support.

Challenges

Corporate support

There is a challenge with corporate philanthropy, not only in agreement on what can constitute philanthropy from profit making organisations answerable to shareholders, but also in terms of what companies will fund and why they choose to do so.

The perception is that corporates want to dictate what they will fund; and that their overriding aim in doing so is publicity not philanthropy. The example given was the amount invested in sponsorship of sporting events, and beauty contests, when maternal mortality is still a huge problem and yet ignored by the same companies.

Corporates feel that it is the non-profit organisation's responsibility to present projects that work for both parties, not simply write a '4-page proposal' outlining what they need and expect funding. However, actually having this level of conversation with the corporate and achieving some kind of partnership is proving extremely difficult.

Although, there is mention of a move from charity to social investment, a further challenge is that generally corporates prefer to fund tangible things, not get involved in social justice or advocacy. They prefer the high profile causes.

Given that the current trend is a move towards funding fewer larger projects, winning a partnership with a corporate is ever more challenging. Understanding what the corporate might fund based on its interest is more important than ever, as corporate remits become much more limited. Companies are tending to choose partnerships close to their core business. For example in mining, promoting environmental issues have high potential of attracting the companies' interests.

Foundations

Other foundations are also following this very specific project, partnership model. However the challenge of these super-foundations lies in the distance from the ground these decision makers are. These decisions about investments are made through intermediaries; therefore the risk of misinformation grows. Not enough information at a senior level on the situation on the ground could be extremely detrimental to development work being carried out.

This raises the question of accountability. Who are the foundations accountable to? What is their accountability to national governments? Or to the national population?

High net worth individuals

High net worth individuals tend to support traditional areas like health, children and education and don't always approach their intervention in a sustainable way

The trend of the hugely wealthy philanthropist has eroded indigenous philanthropy in Africa.

A culture of accumulation is taking over, and there is no real sense of giving back to communities, for example donors would rather build a school than fund good governance.

As donors start to demand more evidence of impact, civil society will be under more scrutiny. Although challenging, this will also benefit non-profits as it will encourage better governance, and transparency.

Opportunities

Corporate Support

There is an opportunity for the corporate sector to learn from civil society about development issues. The support does not always go to those with the best solutions because it is not always awarded by the most informed. More dialogue between the corporate and non-profit sector will lead to better results on the ground.

For corporates, it was suggested that a positive development would be for non-profit organisations to work more closely together. For example, there are often 10 or 20 organisations doing very similar work in a single area, who seemingly don't communicate with each other – who should the company fund?

It was agreed that civil society is stronger when it speaks together, but civil society does not often have the same voice. CSOs should be allowed to have different visions. Although there are some issues that everyone will agree with, they will implement solutions differently. Investment decisions based on the methodology are as important as those based on the outcome.

Individual philanthropy

Personal philanthropy is still strong across Africa; building on this is a huge opportunity for development organisations.

The old school philanthropist, usually someone with inherited wealth, is changing. They are trying to learn more about where their money is going. Through sensitisation of donors, development organisations can capitalise on this changing approach.

High net worth individuals

We can capture the middle income but how do we get donations from the richest people in Africa? This is clearly an opportunity, but much more work needs to be done on how to engage this group. How we influence future generations of philanthropists starts with how we work with this group. How we develop systems to attract this wealth.

Technology

Technology is seen as an opportunity for growing philanthropy in Africa, as at the moment, not all countries are able to capitalise on this potential. SMS giving for example is relatively developed in Kenya, but has proved less effective in South Africa. In part, this is due to the respective relationships built with mobile phone companies. Therefore the opportunity was suggested for civil society to speak in one voice on this issue and lobby for facilitative agreements.

Political and Legal

Governments need to create enabling environments and legal frameworks for giving.

Not one African country has a legal framework for philanthropy; each non-profit organisation is accountable to different legislation, as is each donor (whether investment is made through a foundation, a corporate donation, an individual gift etc)

Furthermore non-profit organisations have to bind themselves to legal registration frameworks that don't necessarily match their work

Cross border philanthropy

Restrictive legislation makes it difficult for African development organisations to invest outside of the country in which the money was raised. In South Africa 85% has to stay in the country. (This covers not only non-profit organisations but corporates too).

Most organisations want to carry out cross border activity. Gift of the Givers a South African organisation that responds to emergencies, works through a government department in order to move funds outside South Africa.

Foundations

There seems to be a trend for bigger and bigger foundations. Philanthropy has created a buzz, and there is an opportunity for development organisations to benefit from this trend.

Competitive giving is a strategy being adopted by some philanthropic organisations that raise money from high net worth individuals

Other foundations are being set up using different resources; for example social capital. Former heads of state are using their influence to achieve social good / well-being. Sports personalities are also establishing foundations, evolving from the original sports based projects to more diverse development projects. Interestingly, the sports personalities are much closer to the need, and better understand the differing solutions; high net worth individuals on the other hand are often much further removed from the issue. The establishment of Corporate Foundations such as Newmont Ahafo Development Foundation in Ghana provides opportunities to explore supporting philanthropy.

Learning from each other

In order to engage with this diverse group of social investors there is a need for different strategies and structured programmes.

Sensitisation of the donor is key to sharing understanding about the issues and the proposed solutions. Creating spaces for them to learn about grass roots issues, positive development, civil society and so on, is important.

However, can we also learn from our potential supporters? There is an opportunity for civil society to not only to approach these social investors for financial resources, but expertise too.

For example how can development actors replicate successful corporate practice, as has been achieved through the replication of supply chains (Many multi-national companies have extremely effective supply chains. These have been successfully copied in the delivery of HIV anti-viral drugs). What else can civil society learn?

Re-framing of issues

Due to the specific motivations, trends and sometimes legislation, some issues are not fundable.

They therefore need to be re-framed. The example given was of LGBT rights in Uganda, which need to be repackaged as human rights issues. The risk is that issues are being pushed into other causes based on particular trends, not on the actual need.

Environmental

Climate change is redefining the way in which we organise ourselves, and the expertise that civil society employs. Organisations are starting to look for expertise to develop relevant interventions to address issues around climate change.

STRENGTHS

- Emerging clarity and commitment to African perspectives on philanthropy Africa. Increasing capacity in Africa to engage and / or challenge with different types of philanthropy
- Ubuntu – you are, therefore I am (and similar words that mean the same across Africa)
- Always has been a democratisation of giving
- The African texture of philanthropy - the foundation from which various types of philanthropy flourish on the continent
- Acknowledgement and value of traditional African elements which allows a flourishing, that the suggestion of a dichotomy (between so called informal and formal philanthropy) limits
- Existence of philanthropic institutions (frameworks / practices) in Africa (AWDF, TrustAfrica etc)
- The African Grantmakers Network (AGN – include link to website) working on these issues
- Flourishing of philanthropic activity on the continent
- Models – philanthropic individuals and champions; can be used to scale up (Kenyans for Kenya) or emulated
- High net worth individuals (growing – opp)
- Upper middle classes (growing – opp)
- Africa has resources – human, natural, financial etc (tapping into this – opp)
- More effective interventions whether through use of technology, or impact investment
- Mobile phone technology can be used for money transfers (can be used to give to relatives as well as development organisations)
- New opportunities are being successfully reached (e.g. popular culture being used to promote messages, and win support as opposed to traditional methods – grants etc)
- Diversity in how philanthropy manifests itself,
- Opportunities for interventions (opp?) many local institutions are delivering development interventions well. (as well as understanding the local resource context, and not assessing value of intervention based on cost/ budget)
- Need being identified more and more by the beneficiary (through on-going engagement between development organisation and beneficiary)
- Businesses are doing well – not greatly impacted by the global economic crisis
- Natural resources creating more wealth, therefore more investors, and foundations
- Next decade Africa will be the investment opportunity (opp)
- Changing / emerging economies provide philanthropic opportunities for Africa (BRICS and CIVETS countries)
- Recognition of experts in Africa

CHALLENGES

- Inadequate financial infrastructure for individual giving (particularly cross-border giving)

- Inability to access available resources within Africa (quality of proposals, lack of clarity on the side of the person giving the money; lack of professional fundraisers on the continent)
- Growing income inequality; increases pressure on philanthropic resources
- Inadequate legal frameworks to encourage an enabling philanthropic environment
- Poor relationship between the corporate and non-profit sector
- Issue of trust and credibility of the sector affected by a few poor performing civil society actors
- Constant mixing up of philanthropy and NGOs (they are not interchangeable, nor are NGOs and Civil society)
- Some international donors are driving the development agenda
- There is a need for greater accountability; political, ethical (citizen), and technical (donor)
- Some critical issues in Africa are not receiving philanthropic attention (advocacy, social justice or governance)

OPPORTUNITIES

- Growing high net worth individuals
- Growing upper middle classes
- Tapping into Africa's resources – human, natural, financial etc
- (Civil society being in a position to make ethical choices about what philanthropy to accept)?
- Networking opportunities between civil society organisations, corporates, governments (sub regionally, regionally, nationally, continentally and internationally)
- Engaging with corporates, government and new stakeholders in country
- Support the growth of individual and corporate foundations
- Quantifying and documenting a lot of what has happened (philanthropic vehicles, giving in different areas; understanding and recognition) in Africa, the research agenda is an important opportunity
- Positive positioning of Africa internationally as a growing market is an opportunity
- New sources of money and the opportunity to get things funded differently; for example HNW and celebrities
- Sensitising local individual givers, high net worth individuals, corporate givers, bi-laterals, multi-laterals, etc about opportunities to engage
- Learning from other regions
- Opportunities for implementing systems, structures and technology to support philanthropy in Africa
- Technology; sms; online;
- Expansive nature of media – major tool of engagement
- Maximising on the demographic that 70% of the African population is aged between 15 and 35 – the opportunity is there to embed philanthropy
- Philanthro-capitalism could provide additional resources (and fund projects that might not otherwise be funded) and bring innovation and fresh ideas
- Private sector driven philanthropy is encouraging non-profit organisations to give more focus to impact and increase accountability

THREATS

- Market driven solutions / philanthro-capitalists / venture philanthropy (/investment philanthropy model) – reducing the social world into the quantifiable
- (Trying to replicate a private sector model directly onto a development issue – issues do not translate as simply as this.
- Decreasing resources as a result of the global financial crisis

New resources for well being

Capturing impact is influencing philanthropy and the way money is given; social investors are now trying new business models to achieve development goals.

Social investment models such as social enterprise and micro- finance are not considered to be new resources for well-being in Africa, however emerging models include;

The venture philanthropist or philanthrocapitalist model; companies invest in philanthropic activity as well as focus on profit.

Funding based on performance related results or incentivised funding; e.g.funding an AIDS programme in Mozambique; you might give the organisation \$20 for each woman who receives PMTCT but if they get over say 10,000 / exceed targets, they'll get \$30 per woman.

The challenge here is to ensure that the systems are set up to incentivise the right indicator (that will ensure social good and not promote corruption). These systems need to be co-created by the donor and implementer

Issuing bonds;; this has been happening in South Africa, using low rent on some housing and sales of other housing to reissue bonds so this became a self-financing model

Rebalance financing mechanisms. Philanthropic organisation could help with upfront investment – this then becomes self-financing

The carbon credit market is a very complex corporate market, regulated by the clean development mechanism. Companies are making a lot of money by encouraging communities in Africa/Asia to use clean stoves / water filters and then selling the saved carbon as carbon credits. Very little of this money is channelled back to the communities who “save” the carbon either as cash or through investment in local health/education systems. . If philanthropic organisations provided some of the upfront investment needed to set up a carbon offset project then innovative models of reinvesting the profit from the carbon credit sales could be designed.

Local resources at community level that can be mobilised to support well-being (non-financial) This is at risk at dying out, due to reliance on external funding, but can be an important contribution to resourcing well-being.

Volunteering

Engage with corporates to recruit volunteers to promote community programmes. In moving to more skills based volunteering this could become more effective. Some civil society organisations already benefit from mentoring from corporate sector volunteers, as well as practical skills such as IT

Future actions

Agreed issues that need to be taken forward either for further discussion within the group, its networks, and at the summit, research, or action

1. Direction or a common understanding about what is meant by philanthropy;
(Acknowledging different understandings of philanthropy in Africa)
2. Research and documentation of the diversity of philanthropy in Africa; Recommend resources for the Bellagio Initiative (AGN website)
3. Regulatory framework that incentivises giving; Issues related to this include;
 - Banking structures that facilitate giving or enable monthly giving (work with the banking industry to facilitate giving within and across Africa)
 - Financial regulations
 - Ensuring that (mobile) technology enables giving
 - Facilitating donations across borders
 - Mobilising the diaspora; facilitating overseas philanthropy (continentally not nationally) (through collaboration with the financial sector)
 - Workable tax systems that can incentivise individual donations (which include mechanisms to allow these to operate easily)
4. Accountability and transparency
 - Develop mechanisms to ensure development actors are accountable and transparent to donors and beneficiaries
 - Develop mechanisms to ensure philanthropic organisations are accountable and transparent to development actors and beneficiaries and members of the public
5. Dialogue between corporates and civil society and academia; coming together and understanding and learning from each other
6. Civil Society needs champions and leaders of causes, people who will be able to take responsibility for action on the cause. – not sure how this one was going to be taken forward?